

**NATIONAL REINING HORSE ASSOCIATION  
MINUTES OF THE EXECUTIVE COMMITTEE  
NRHA Office  
Thursday, August 19, 2010 & Friday, August 20, 2010**

**APPROVED 11/12/10**

- I. Call to Order by President Rick Weaver: 12:30 p.m.
- II. Roll Call: President Rick Weaver, Allen Mitchels, Terry Griffin, Beth Himes, Rosanne Sternberg, Dale Lopp, Mike Hancock.

Not present: Mark Schols

Staff Present: Executive Director Dan Wall, Chief Financial Officer John Foy, Executive Assistant Debby Hutchinson, Chief Operations Officer Dennis York, and Sr. Director of Publications Carol Trimmer.

A quorum was announced.

III. Approve Minutes:

- A. June 8, 2010 Meeting Minutes - Dale Lopp moved to approve the minutes. Seconded by Beth Himes. Motion passed unanimously.
- B. June 8, 2010 Executive Session Meeting Minutes – Dale Lopp moved to approve the minutes. Seconded by Terry Griffin. Motion passed unanimously.
- C. June 10, 2010 Executive Session Meeting Minutes – Allen Mitchels moved to approve the minutes. Seconded by Mike Hancock. Motion passed unanimously.
- D. June 19, 2010 E-Vote – Mike Hancock moved to approve the minutes. Seconded by Beth Himes. Motion passed unanimously.
- E. June 30, 2010 E-Vote – Dale Lopp moved to approve the minutes. Seconded by Terry Griffin. Motion passed unanimously.
- F. July 13, 2010 E-Vote – Dale Lopp moved to approve the minutes. Seconded by Beth Himes. Motion passed unanimously.
- G. July 16, 2010 E-Vote – Beth Himes moved to approve the minutes. Seconded by Dale Lopp. Motion passed unanimously.

**Financial Statement** – Chief Financial Officer John Foy went over the 2010 NRHA Key Economic Indicators for June 2010 in detail. He advised that several programs showed growth including a 15% increase in Derby regular entries. During the 2<sup>nd</sup> calendar quarter (April, May, & June 2010), the S & P 500 index decreased approximately 12%, NRHA investments decreased approximately 9%. For the entire fiscal year, the S & P 500 index increased 15% and NRHA investments increased 18%. John then presented the Financial Report for the year-ending 06/30/10. John noted that no significant changes have occurred

in the G & A, Reiner, Sire & Dam, Judges, Website, Inside Reining, & Youth value centers since the presentation of the April financial report. Reiner sales continue to see the impact of the economic downturn and is over \$180K below both budget and prior year. Since the April financial report, the Derby, Euro Futurity, and Awards Banquet have been finalized and will be the focus of the current report.

The Derby performed well and is currently \$14K ahead of budget and \$32K ahead of prior year. John reminded the Executive Committee that changes made to the Derby added \$27K in expenses (\$25K additional added money), so NRHA was able to make this change and still outperform budget and prior year.

Regarding the NRHA European Futurity, a one-time investment of \$18K was made for the Cantina/VIP space in order to decrease rental expense in the future, NRHA also had to take on the cost (\$14K) of the award saddles for the Euro Futurity this year and sponsorships budgeted by NRHA was not realized as anticipated. John noted the budget for the upcoming Euro Futurity was much more conservative in terms of sponsorship dollars. For the upcoming Euro Futurity, saddle sponsorships will be sold in order to off-set the cost of the award saddles. Terry Griffin commented that it may be harder to support the European Futurity through sponsorships; times will dictate that some sponsors will not be participating.

The awards banquet was attended very well and was well received. The awards banquet netted less than \$4K from prior year, this was due to lowering the ticket fees; however, the banquet was very well attended. The reason for the final \$20K variance in the Convention & Awards Banquet value center was due to missing \$20K in award expense for the banquet at the time the budget was prepared last year, current year budget reflects proper expense. John reminded the Executive Committee that due to changes in NRHA convention and the first Board meeting of the year NRHA will save \$40K in expenses next year.

John reminded the Executive Committee that at the April meeting he indicated NRHA could see as much as an \$80K loss before unrealized investment gains or losses, and currently NRHA is at a loss of \$114K before unrealized investment gains or losses. John stated that the reason for the additional \$34K in loss was due to \$15K in unexpected loss of sponsorship dollars and June Reiner advertising missing budget by \$20K. NRHA investments performed well this past fiscal year, with over \$150K in unrealized gains. Including unrealized investments gains, NRHA for the year has net income of \$38,778, which exceeds budget by \$33K. NRHA as of 06/30/10 has total assets of \$7.4M and total liabilities of \$6.0M, NRHA has \$1.4M in total equity. As of 06/30/10 NHRA investments totaled \$988,133, and as of 08/18/10 NRHA investments totaled \$1,040,667.

John stated the audit firm of Van Wieren & Jones, Inc., commenced their audit fieldwork on 08/16/10 with fieldwork estimated to be completed by the 3<sup>rd</sup> week of September. John reminded the Board that the completion of fieldwork does is not the completion of the audit

and that the audit report will be finalized subsequent to fieldwork. John does not anticipate at this time any problems with completing the audit in a timely manner. .

Mike Hancock asked if consideration had been given to a time(s) of year that changes to the budget could be made. Executive Director Wall advised that the Futurity has always been a point of demarcation for large changes, but that small changes to the budget are made monthly. President Weaver noted that the recession alerts that the Finance Department has been providing are really helpful. Concerning the WEG budget Foy feels that NRHA needs to look at communicating the importance of WEG. CFO Foy advised that the Executive Committee typically looks at adjusting service fees at the November meeting and this should go on the agenda. . Information on outstanding balances is being turned over to a collection agency and the the Finance Department should see results in about 90 days according to the agency.

CFO Foy was asked about the The Great Plains system is performing well. Executive Director Wall and Chief Financial Officer Foy are appreciative of the Executive Committee's interest in the financials.

**Break 1:34 p.m.**

**Reconvened 1:49 p.m.**

**OLD BUSINESS:**

- A. 2011 Derby Contract – Executive Director Wall told the Executive Committee that the Oklahoma Quarter Horse Association voted not to move their Red Bud Show, which kept NRHA from changing the Derby dates. Wall did advise that there may be some lee-way in the future to move the Derby further back into June. Executive Director Wall plans on continuing negotiations on stalls and after the 2012 Derby, depending on tax increases/economic upturn/increase in Derby participation. Wall recommended presenting the Derby contract to the Board of Directors for approval. EC recommendation is to stay in June/OKC. Wall is prepared for questions on Tulsa/August. Events management will look at ways to reduce costs. Interscholastic Equestrian Association may participate at the Derby as well, which will lead to the opportunity to negotiate for more funding. Mike Hancock moved that the Executive Committee recommend to the Board of Directors that they accept the OKC/June proposal. Beth Himes seconded. Motion passed unanimously. Terry Griffin suggested that a Derby Task Force be appointed to look at ways to save money. President Weaver directed that the Derby Task Force help the Aged Events Committee. The task force will consist of Terry Griffin, Chair, Mike Hancock, Beth Himes, Dale Lopp, and Josh Visser. Condition, schedule, fee structure, management, facility management, - other members may be forthcoming for consideration by tomorrow. CFO Foy is to provide comparisons to look at

increasing the show retainage by five per cent and reporting to the task force the next (August 20) morning.

**B. Israel Show Cancellation – Summer Slide at Alonim Kibbutz, Israel**

After reviewing the material provided to the Executive Committee, Mike Hancock moved that according to the documentation received one horse was shown in the NRHA Rookie Professional class, so the class *was* held, and the judge scored the class. NRHA needs to recognize his winnings and the information needs to be reflected in the NRHA database. Dale Lopp seconded. Allen Mitchels suggested tabling this until other conversations could take place. The question arose -Can another entity cancel a show that is NRHA sanctioned? Who really cancelled the NRHA classes is still in question.

**2:50 Rosanne Sternberg joined the meeting.**

Mike Hancock -noting the fact that the rest of the show did not occur, NRHA can provide show management and the show representative education on proper show-cancellation procedures.

**Break - 2:56 p.m.**

**Reconvened – 3:07 p.m.** Mike Hancock moved that NRHA recognize that the class was held and that any results and earnings be recorded. Terry Griffin seconded. Motion passed unanimously.

Mike Hancock moved that NRHA inform the show manager and show representative of the proper procedures that should have taken place. It was noted that the show representative wasn't present and should have been there to represent NRHA's best interests.

Mike Hancock moved that NRHA communicate with Israel Equestrian Federation and the Israel Reining Horse Association to determine relationships and responsibilities for managing NRHA events in Israel. Allen Mitchels seconded. Motion passed unanimously.

## **NEW BUSINESS:**

FEI Update & Discussion - Executive Director Wall discussed the Tab 5 material that he provided. Executive Director Wall is trying to set up a meeting during the WEG with the FEI.

Show Approval Policies – Michelle Wrigley presented a policy that documents what the Membership Services Group is already doing. Terry Griffin stated the following terminology should be added “... knowing that the show will not be published in the *NRHA Reiner*.” Mike Hancock moved to endorse the show department’s proposed policy as an internal employee procedure and a manual be developed. Rosanne Sternberg seconded. Motion passed unanimously.

### **Break for evening 4:42 p.m.**

To reconvene Friday 8-20-2010 at 8:00 a.m.

Friday August 20, 2010

### **Reconvened 8:05 a.m.**

Call to order by President Weaver

Roll Call: President Rick Weaver, Allen Mitchels, Terry Griffin, Beth Himes, Rosanne Sternberg, Dale Lopp, Mike Hancock,

Not present: Mark Schols

Staff Present: Executive Director Dan Wall, Chief Financial Officer John Foy, Executive Assistant Debby Hutchinson, Chief Operations Officer Dennis York, and Sr. Director of Publication Carol Trimmer

A quorum was announced.

**IT Committee** – Terry Griffin presented and explained a hand out outlining the IT Committee Status Report and Budget Variance. Go live target date is now November 1, 2010. Griffin has a concern about the staff that will be out of the office for the RAFs, Congress, WEG, etc. because there is a need to deal with IT staff, get them ramped up, and need staff here to learn this project. Chief Operations Officer Dennis York explained that part of the problem is that NRHA still has a Legacy database and with the allocated budget for the IT position NRHA may not get what is needed. Key person will handle program and software. When questioned why the Go-Live date has been moved to November, Griffin explained that we didn’t go live because of the realization that some NRHA procedures and data weren’t compatible. Good that more staff are engaged now. Executive Director Wall - We have to push out the job descriptions to get the needed staff. Griffin advised that NRHA needs a programmer and network

specialist. Budget variance due to President Weaver asked for IT to develop a plan for revenue stream for maintenance, etc. Executive Director Wall advised that NRHA is budgeting for critical needs not wants. Implement IT plan budget now per President Weaver and encourage the new board to remember that new programs will negatively affect the staff and IT project.

**Break 8:51 a.m.**

**Reconvened 9:06 a.m.**

**NEW BUSINESS:**

Michelle Wrigley provided handouts and advised that the judges committee is recommending reducing seminars from eight to four and that the committee selects locations/venues. In addition, they are requesting two clinicians at a school instead of one. The Judges Committee feels that going to two clinicians helps consistency, and believes that expenses should level out. Allen Mitchels wondered if more energy should be spent on existing judges' education. President Weaver advised that there may be a need to scrutinize judges program; need to make schools better. Mitchels - Need to spend more money on test development. There is currently no infrastructure to look over judges and hold them accountable. Beth Himes asked - do we need a staff position to fill that void? Committee needs a decision soon for 2011. Mike Hancock suggested giving the Judges Committee a number range of seminars to be conducted and consider going into areas that haven't been served recently or move/cancel if too frequently, committee to plan out, look into college/universities with judging teams or equestrian teams. Identify NRHA needs and work backwards per Allen. Mike Hancock suggested that the ratio of attendees versus clinicians be considered.

IEA Sponsorship Proposal – Executive Director Wall gave an overview. Reach out and get an alliance with NCAA, ISHA, etc. This is part of the current business plan. Brian Bendele presented the proposal and Executive Director Wall said that the- proposal will position NRHA as a supporting entity; NRHA will be the sponsor creating a strong association. Wants to give a complimentary associate membership to each IEA participant/member, which allows NRHA to reach them, and increase our membership, this would be a part of NRHA's partnership with IEA. Bendele advised that there is a strong possibility of NRHA becoming the sponsor for the entire western section. Hard costs of being western title sponsor – award product \$7,000 to \$8,000. Increases branding for NRHA if the event could be named the NRHA Varsity National Reining Championship, etc. Want to propose a catch-ride-type championship for 2011 between IEA top 5 and NRHyA top 5. 2012 NRHA would incorporate their event in with our Derby. Allen Mitchels moved to recommend to Board of Directors to proceed with project. Beth seconded. Motion passed unanimously. IEA will come in to manage their portion of the event per Executive Director Wall. It was noted that the Derby Task Force will need to look at incorporating their scheduling needs, stalls, etc.

C. Printing/Publishing –

- i. *NRHA Reiner Magazine Contract*: Executive Director Wall provided a breakdown of recommended *NRHA Reiner* new printing pricing structure and explained Dartmouth's new proposal. In addition, more savings can be realized by going to a different paper weight and co-mailing 11 issues. Staff is asking for recommendation to present for approval to Board of Directors. Mike Hancock moved to approve the staff's recommendation. Dale Lopp seconded. Motion passed unanimously. Samples of paper were reviewed. *NRHA Reiner* Production Coordinator and Graphic Designer Bucky Harris explained the paper weight samples. Dale Lopp moved to recommend sample B - 45# Dependo Web Text. Seconded by Rosanne Sternberg. Motion passed unanimously.
- ii. *NRHA Handbook*: Harris explained problems with the *2010 Handbook* - there were problems with the paper/binding.  
Dale Lopp moved to recommend Mid States Printing, Inc., Aberdeen, South Dakota, to print the *2011 Handbook*, which will result in substantial savings. Terry Griffin seconded the motion. Motion passed unanimously.

**Break 10:37 a.m.**

**Reconvene 10:56 a.m.**

D. *2010 Trophy Usage Summary* - Executive Director Wall – trophy usage – changes have been popular with show secretaries because of financial savings which seems to be supported by the fact that usage is up - Lawson up, pewter up, plaque up, Morrison steady. Sr. Director of Sponsorships and Television Programming Todd Barden noted some changes could help with acceptance of the change; -he suggested that the show department encourage show management to inspect trophies immediately when they are received. Weight changes were explained and discussed. Rosanne Sternberg moved to keep the “pewter” with wood base sample and weight to remain the same. Terry Griffin seconded. Motion passed unanimously. Terry Griffin suggested that a log with breakage information be instituted and that NRHA ask show management if they are happy.

E. *Affiliate Circuit Show*: The Texas Reining Horse Association advised that one of their shows, as it appears on the website, is not a circuit show. This would change qualifications and for Affiliate Team competition at the NAAC. Show Department proposes letting the additional qualifiers compete but not count toward team standings. Beth Himes moved to approve the show department's recommendation. Dale Lopp seconded. Motion passed unanimously. Terry Griffin advised regional affiliate qualifications need to remain the same because of the IT programming and the confusion changes could cause.

NRHA European Nomination Plan – Rosanne Sternberg advised those attending that some European breeders are upset about having to pay two nomination fees. They feel that there should be one fee and the nomination would follow the horse. Allen Mitchels pointed out that nomination is an option.

**Break for lunch 11:55 a.m.**

**Reconvene 12:44 p.m.**

F. NRHA Inside Reining Update – Todd Barden and Jenifer Reynolds Cook updated the Executive Committee on the program's status and year-end revenue figures.

Equinestream.com carries Inside Reining. Due to the loss of DirecTV programming Barden and Reynolds are in negotiations with HRTV, which would be at no cost to NRHA. NRHA will have to agree to a certain number of shows. At this point negotiations will only cover the rest of the year. They were advised to bring back a plan for 2011 season soon. What are the opportunities for 2011? Executive Director Wall asked what the future of On Demand TV is. Need a happy balance of TV and internet. Reining is the only discipline with its own TV show. Wall suggested that Inside Reining staff be given a window of opportunity to come forward with an estimated investment from NRHA. Jenifer needs an overall goal and direction. Wall suggested that direction needs to come from those involved - Barden, Reynolds, Morris. Wall feels that the reach needs to be primarily to those people we don't currently touch. Per President Weaver the board wants to go forward with the television show.

**Break: 1:42 p.m.**

**Reconvene: 2:07 p.m.**

Derby – CFO Foy gave a brief overview of possible change in Derby retainage and payouts as the Executive Committee had requested –President Weaver wouldn't be in favor of taking money away from the entries.

**Closed Session 2:13 p.m.**

**Reconvened 4:40 p.m.**

Legal Counsel Terry Wiens will review election voting process in the *NRHA Handbook*. A problem was created when the board moved the election a week later at the January board meeting where it was discussed and there was an email notification communication in February. Part of the intent was to move it off the Annual General Membership Meeting to avoid embarrassment for candidates. Mike Hancock moved to uphold the August 26 deadline as previously voted upon. Terry Griffin seconded. Beth Himes pointed out that a whole segment of the membership will not get notification – those that don't have email addresses or get the *NRHA Reiner*. Allen Mitchels advised

that *Robert's Rules of Order* dictate that we notify members of general election but it doesn't say that notification needs to take place in the *NRHA Handbook*. Mike Hancock moved that the Election Administrator draft a letter and send to the NAA contacts and ask each NAA to draft a notice letter with instructions on how their members can vote. The letter is to be done in their language for distribution. Terry Griffin seconded. Motion passed. Voting credentials are to be sent by the Election Administrator with their letter. To whom should anyone with questions or issues be directed? Wall advised that would be Election Administrator Dennis York.

**Adjourned 5:42 p.m.**

*Respectively submitted by Debby Hutchinson, Executive Assistant.*

DRAFT